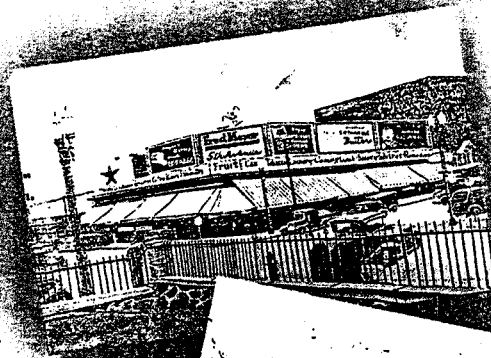


"Always strive to offer Customers the service, selection, quality and price that satisfies them, for by doing that we will serve our Customers well and continue to prosper and grow."

—Fred G. Meyer



Employee Handbook



Fred Meyer



Welcome to the Fred Meyer Team!

This handbook has been prepared to help you learn more about your new Company. Please read it carefully and keep it for future reference. The policies stated in this handbook are subject to change at the sole discretion of the Company. From time to time you may receive updates concerning changes in policy. Should you have any questions regarding any policies please ask your supervisor or a member of our Human Resources group for assistance.

You were added to the Fred Meyer team because you fit our qualifications for warm, friendly employees. Our goal at Fred Meyer is to make all of our Customers feel welcome, important, and appreciated so they will want to come back and shop with us again and again. We also strive to offer our Customers the quality, value, and selection of merchandise that satisfies them best. This philosophy has been a tradition at Fred Meyer since the Company was founded in 1922. With your help, we will continue to honor that tradition.

At Fred Meyer, you will find many opportunities to learn, grow, and advance in your career. You are always welcome to talk to your supervisor about career advancement in the Company. We're happy to have you working with us. Welcome to Fred Meyer, and the best of luck in your new career.

Sincerely,

The Fred Meyer Management Team

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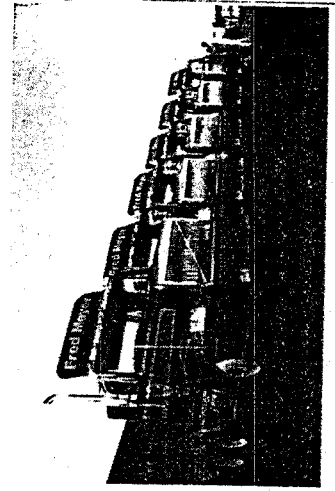
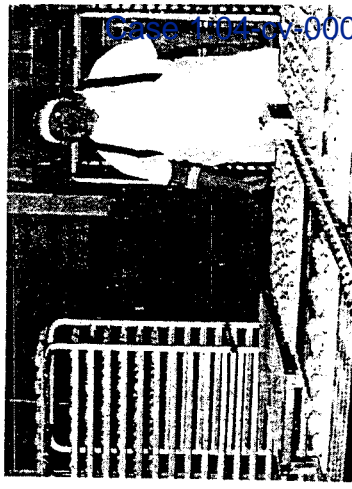
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Chapter 1

"Explore everything, you never know where gold will be found. Not everything will work perfectly, but if we don't try, we won't know."

—Fred G. Meyer



Our Philosophy

At Fred Meyer we are governed by these beliefs:

- Customers are essential, for without them we would have no business. Customers shop most where they believe their needs and wants will be satisfied best.
- Satisfactory profits are essential, for without profits our business can neither grow nor satisfy the needs and wants of our Customers, employees, suppliers, shareholders or the community.
- Skilled, capable and dedicated employees are essential, for the overall success of our business is determined by the combined ideas, work and effort of all Fred Meyer employees.

Based on these beliefs, we commit to:

- Serving Customers so well that after shopping with us they are satisfied and will want to shop with us again.
- Operating our business efficiently and effectively, so we earn a satisfactory profit today and in the future.
- Providing an environment that encourages employees to develop their abilities, use their full potential and share ideas that further the success of the business, so they gain a sense of pride in their accomplishments and confidence in their capabilities.

We believe that by following this philosophy we satisfy Customers and earn their patronage, provide for the profitable growth of our Company, and enrich the lives of our Fred Meyer employees and their families.

Getting Acquainted

- The Man in the Bow Tie
- Mr. Meyer's Retail Legacy
- New-Hire Orientation
- Spend It Where You Earn It

Exhibit 16

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The Man in the Bow Tie

The history of Fred Meyer Stores began with the story of one man: Fred G. Meyer. Mr. Meyer's drive, determination, and innovative ideas paved the way for the continuing growth and success of the company.

Fred G. Meyer was born in 1886. At the age of 19, he journeyed west to seek his fortune, finally settling in Portland, Oregon. In 1909, he began selling tea and coffee in downtown Portland, first from a horse and buggy and then from a small shop. In 1922, he opened the first complete Fred Meyer store at the corner of Fifth and Yamhill streets. It was this store that Mr. Meyer pioneered some of his most innovative retailing concepts.

Mr. Meyer's basic philosophy was to "think like the Customer": figure out what Customers want and give it to them first and at lower prices than the competition.

Fred Meyer introduced "one-stop shopping" so that Customers who usually had to buy meat, produce,

cheese and other goods at separate stores could come to

Fred Meyer Stores and find them all under one roof. A few years later, in a separate building, Mr. Meyer opened the first self-service drugstore where Customers could select the merchandise right off the shelves.

From 1929 to 1931, Mr. Meyer increased the number of employees and stores six times. During the nation's greatest economic depression, he offered the public the merchandise they wanted and needed at lower prices. At a time when others were afraid to make investments, Mr. Meyer had the courage and insight to forge ahead.

Innovation continued to be a Fred Meyer hallmark. Fred Meyer was among the very first to recognize the impact of the automobile in downtown shopping and opened the first suburban shopping center with free off-street parking. During the 1930s and 1940s, general merchandise and apparel were added to the original food and drug selection, giving form to the Fred Meyer Store we know today—a store that averages 150,000 square feet, and carries more than 225,000 different items.

Each week, more than three million Customers shop at Fred Meyer Stores. The Company has an outstanding reputation in all areas where it conducts business and is considered a leader in the retail industry.

For a more complete history, visit us on the Web at fredmeyer.com.

Mr. Meyer's Retail Legacy

One-Stop Shopping

Supermarket, department store, drugstore, home store, paint and hardware store, garden center, home electronics store, fine jewelers—come together to create a Fred Meyer store. From bananas to Barbies, paint to perfume, satellites to sandpaper, you'll find them under one roof at a full-size Fred Meyer Store. Fred Meyer's blend of service, selection, quality, and price gives our stores a unique market niche and a sustainable competitive edge.

Before Fred Meyer, the weekly shopping list required shoppers to go to two, three, or more stores. Today, Fred Meyer shoppers can take that list to one store and get more shopping done in one stop than at any other store. With Fred G. Meyer's unique vision and ingenuity, this Company has developed one-stop shopping to perfection.

Fred Meyer Jewelers

Fred Meyer Jewelers is a division of Fred Meyer Stores. As the 4th largest fine jeweler coast-to-coast, Fred Meyer Jewelers has built a reputation of low pressure selling, excellent value in every price range, and offering a satisfying, low pressure shopping experience that leaves



Customers confident in their purchases. Commitment to employing experts in the jewelry industry and following Mr. Meyer's rock solid business principles of offering Customers a completely satisfying shopping experience has created an environment for quality styles, exceptional service, a comprehensive selection, excellent value, and total Customer satisfaction.

Fred Meyer Jewelers presently operates approximately 400 fine jewelry stores, three-quarters of which are found in major malls across the country. The others are located within large Fred Meyer one-stop shopping centers. Jewelry stores bear the name of Fred Meyer Jewelers, Littman Jewelers, and Barclay Ltd.

For over 75 years, Fred Meyer stores have operated as a testament of the genius of Mr. Meyer's ideas. But, they are also the result of the hard work of thousands of people who have worked at Fred Meyer. With your help, we will continue to grow and satisfy the Customer for a long time to come.

New-Hire Orientation

As a new employee, you are introduced to the Company through the New-Hire Orientation program. This program highlights Company philosophy and history, and Customer satisfaction, which is the foundation for your career with Fred Meyer. Also included in your orientation program is information related to:

- Your location's physical layout
- How the organization and personnel are aligned
- What is expected in terms of conduct, dress, appearance and performance
- How to serve our Customers
- Loss prevention and safety

Spend It Where You Earn It

We encourage you to shop at our stores for several reasons. First, it helps you become better acquainted with Fred Meyer and allows you to enjoy the quality, value, selection and service we offer. Second, it helps you become more familiar with our merchandise. Third, it increases business for the Company. Increased business helps Fred Meyer grow and prosper, which means greater job security and opportunities for you and your co-employees.

As an added benefit, all employees receive a 10% employee discount on most nonfood merchandise. See page 21.

If you are working in a store, you may shop during your lunch or breaks, but you must have another employee ring up your purchase. Never ring up your own purchases. If you are not going directly to your car or home after making a purchase, take the merchandise and your receipt to the person in charge (PIC) who will issue you an employee parcel tag. The PIC will tell you where the designated employee storage area is in your store. Do not put your purchases (or other valuables) in the stockroom or checkstand area.

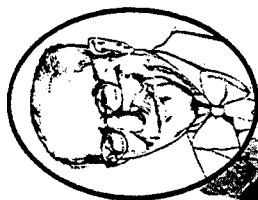
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Chapter 2

"Take care of the Customer, everything else will take care of itself."

—Fred G. Meyer



Serving our Customers

- 5 PAGE Expectations
- Treating People Right
- Q-Principles
- iPower, The Power of the Individual
- Diversity in the Workplace

5 PACE Expectations

PACE is the short name we use for Please All Customers Every Day to remind us that our main goal is to satisfy Customers so well, they'll want to return and shop with us again and again. There are many elements to Customer service, from the ease of parking, to the cleanliness of the floors, selection of merchandise, through to speed of checkout. Every job at Fred Meyer is linked directly or indirectly to pleasing the Customer; that's the main reason we're here. PACE also means friendly, helpful and informative service by all of us anytime we are in the store.

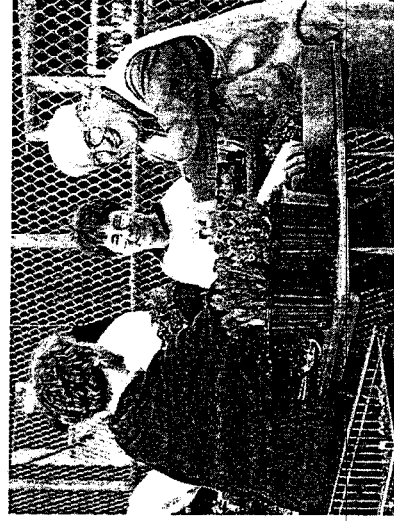
1. Greet the Customer. Make the Customer feel welcome. Smile, Acknowledge and Make eye-contact with all Customers.
2. Offer assistance. Ask Customers if you can help them; this makes them feel important.
3. Offer to escort the Customer to the product. Sometimes Customers will welcome your help; other times they will prefer to go by themselves. The rule is to always ask. It will make the Customer feel welcome, important and appreciated.
4. Stay with and/or help the Customer until he or she is satisfied. Follow through completely and always ask if he or she needs help with anything else. This will make the Customer feel welcome, important and appreciated.
5. Thank the Customer. Make the Customer feel appreciated for choosing to shop with us. Every Fred Meyer employee, no matter what his or her title or job, is expected to use the PACE expectations with every Customer encountered while on the sales floor.

Treating People Right

At Fred Meyer, we believe that it is impossible to serve our Customers well or operate to our full capabilities anywhere in our organization without treating each other right.

You have the right to expect to be treated right no matter what your job or position is. Likewise, no matter what your job or position, you are expected to treat others right.

- Be the first to say hello.
- Say please and thank you a lot.
- Compliment at least three people every day.
- Learn to listen. Opportunity sometimes knocks very softly.
- Praise in public, criticize in private.
- Don't blame others—take responsibility for every area of your life.
- Never give up on anyone—miracles happen every day.



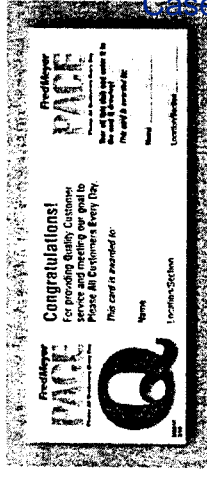
Q-Principles

The Q-card is the symbol all of us use to recognize our co-employees for making Customers and co-employees feel welcome, important and appreciated.

The gold Q stands for Quality—quality service to our Customers and to our co-employees. We give Q-cards in the store to co-employees who have used the PACE expectations to satisfy either a Customer or a co-employee (our internal Customers) by doing one or more of the following:

1. Initiating Hospitality. Making the Customer feel welcome and always saying hello first.
2. Following through completely. Staying with the Customer until he or she is satisfied.
3. Responding with noticeable urgency. When we hustle it tells Customers they are important.
4. Turning a negative into a positive. By asking "Who's first?" when approaching a group of Customers waiting to be helped, or taking the Customer who has been waiting the longest to a new checkstand, you easily turn negative situations into positive ones.
5. Going out of your way for a Customer. Tells Customers they are important and appreciated.
6. Being Courteous. Reaffirms the Customer is always welcome, important and appreciated. Quality Service Awards are given to employees who accumulate 144, 288, 500 and 1000 Q-cards. Keep track of the number received and notify your location "Q" Representative when you have reached an award level.

Turn in the stubs of the Q-cards to enter to win prizes in drawings throughout the year.



iPower

We believe our combined ideas, work, and effort is essential to the success of our business, that's why it is included in our philosophy. You never know where a great idea will come from and when. Sometimes a simple idea leads to another and another and soon it's grown into a powerful concept. The iPower plan is a way for you to make sure your ideas are heard. If you have an idea on how to make our stores better for our Customers, operate our Company more effectively or efficiently, or make Fred Meyer a better place to work for yourself or your co-workers, fill out an iPower card.

Briefly state your idea and what you think the benefits would be if adopted and give it to your supervisor. He or she will answer your idea personally or route it through the organization to the person who can comment on your idea. In either case, you will receive feedback on your idea. Remember that no idea is too small.

Diversity in the Workplace

Diversity is more than racial, gender and religious differences—diversity also includes education level, sexual orientation, personal values and beliefs, family status, age, tenure and physical abilities. Our mission is for our managers, supervisors and employees to understand the added value of diversity and to create a better workplace where everyone feels like they "have a chance," they can participate, and they can add value and "make a difference."

We want to promote an environment where every employee:

- understands that strength comes from our individual differences,
- does their best work in pursuit of the Company's mission and business objectives,
- recognizes that the communities and Customers we serve are diverse, and
- treats each other and every Customer with respect, fairness, and dignity.

Clearly our need to successfully manage diversity is increasing as we face an ever-changing workforce and Customer base. As individuals and as employees, we all have biases. We can't expect to always agree. However, as employees of Fred Meyer, we are all expected to look beyond differences and treat others with respect and equality.

ML Exhibit 16

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Chapter 3

"You don't build a business; you build an organization, then the organization builds the business."

—Fred G. Meyer



Employee Administration

- Payday
- Personnel Records
- Union Membership
- Employment of Relatives

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Payday

Most employees are paid every Friday. Each paycheck is compensation for the previous week based on Sunday through Saturday.

You will either use a time-clock or sign in and out on a payroll record sheet. Since federal and state laws require the keeping of exact time records, it is important that you report time accurately.

Personnel Records

Fred Meyer maintains a personnel record for each employee that contains documentation regarding all aspects of your employment with the Company. The records for all Fred Meyer employees are kept in Human Resources.

If you change your name, telephone number, home address, marital status or number of dependents, please inform Human Resources. Your supervisor can provide you with the necessary instructions to keep your personnel record up to date. As a Fred Meyer employee, this information is available to you when you need it. Contact Human Resources for more information.

Union Membership

If you have been hired for a position covered by a collective bargaining agreement between Fred Meyer and a labor union, you may be required to either join the union and/or pay to the union uniformly required dues and initiation fees to maintain financial core status. Continued employment is based upon the payment of required monthly/quarterly dues. See your supervisor for more information.

Employment of Relatives

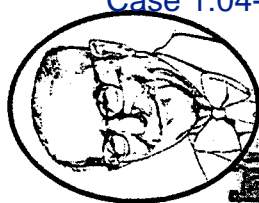
Fred Meyer permits the employment of qualified relatives of employees as long as the employment does not create actual or perceived conflicts of interest. The term relative is defined as a spouse, child, parent, sibling or corresponding in-law or "step" relation. Individuals who are related by blood or marriage are permitted to work in the same facility provided no direct reporting or supervisory/management relationship exists. No employee should work within the "chain of command" of a relative. This is so one relative's work responsibilities, salary or career progress cannot be influenced by the other relative.

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Chapter 4

"Sell everything you do. Any change that will affect co-workers or Customers needs to be explained and sold; it should never come as a surprise."

—Fred G. Meyer



Employee Development & Education

- Education and Training
- Tuition Assistance
- Job Postings
- Job Hotline
- Career Opportunities

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Education and Training

The goal for each of us is to be friendly, helpful and informative in our jobs. To be helpful and informative requires us to listen, learn and develop our job skills. As your career develops, you will have many opportunities to learn more about your job. Some of it is basic training, "on-the-job", taught by your supervisor or co-workers. Some jobs require more technical knowledge and skills, such as operating our cash registers and computers. Still other jobs require courses, seminars or workshops on supervision or time-management. Your supervisor will work with you and authorize attendance.

Tuition Assistance

Fred Meyer is committed to employee development and our goal is to support you in striving to develop your career and expand your job skills by offering tuition assistance. Eligible employees may apply for tuition assistance for Company-approved, job-related courses taken during off hours either for credit or non-credit at an accredited college or university. Check with your supervisor for eligibility information.

Job Postings

Fred Meyer believes in promoting employees from within the Company and has established a job-posting process to give you an opportunity to apply for a position you may be interested in and qualified for. Positions are normally posted on the "JOBS" bulletin board in OfficeVision and/or on a bulletin board at each location.

The posting generally includes the position title, a brief description of the job, the required qualifications, the closing date for expressing interest and information on how to apply. All positions, whether posted internally or externally, have closing dates to allow time for applicants to apply. Positions are normally posted for one week.

Ask your supervisor or contact Human Resources for more information.

JobHotline

The job hotline provides general job opportunity information, including where and how to apply for positions. Job Hotline: 1-800-401-JOBS

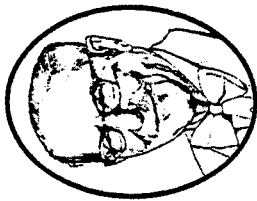
Career Opportunities

You'll find we support promoting from within the Company whenever possible at Fred Meyer. During your time with the Company, there will be opportunities for advancement and many career options available. You may decide that you would like to work for another part of the Company. With a company as large and diverse as Fred Meyer, your career options aren't limited to just one division. We frequently promote people from the store to regional and corporate positions. Your advancement will be based on your performance and willingness to learn and grow. Ultimately, you are in charge of your career at Fred Meyer. You are encouraged to meet with your supervisor to discuss your career goals and aspirations.

Chapter 5

"There are many solutions to most problems. Avoid locking on to one solution. A better solution may be the next thing you think of."

—Fred G. Meyer



Employee Benefits & Services

- Health and Welfare
- Long-term Disability Insurance
- Employee Assistance Program
- Retirement
- Employee Discounts
- Employee Stock Purchase Plan
- Service Awards
- Walt Disney's Magic Kingdom Club®
- Purchasing Products Not Stocked at Fred Meyer